

# Byron L. Dorgan

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**He challenges drug company executive to debate drug prices:**

## **DORGAN CHARGES PHARMACEUTICAL INDUSTRY WITH USING FALSE ADVERTISING IN NORTH DAKOTA TO PROTECT HIGH PRESCRIPTION DRUG PRICES**

(MANDAN, NORTH DAKOTA) — U. S. Senator Byron Dorgan (D-ND) said Monday that the pharmaceutical industry is waging a television campaign of deception in North Dakota and other northern tier states with 30 second ads designed to fool consumers about prescription drug prices.

He challenged the head of the “phony group” he says the drug firms have created as a disguise, to a public debate in North Dakota on the subject of drug prices.

The advertisements are produced and paid for by a group called “Citizens For Better Medicare,” that Dorgan said is a front group financed by some of the nation’s largest pharmaceutical companies. "These television ads are an insult to honest debate in our political system," Dorgan said.

He challenged the head of the front group to come to North Dakota and debate him in a public forum on the price of prescription drugs, “instead of hiding behind the disguise of this phony group they formed to try to fool the citizens.” The man listed as the head of the group is a Timothy C. Ryan, Dorgan said, who worked for the pharmaceutical industry “before they sent him and their money to set up this phony front group.”

“I would like these Drug Company executives to come here and justify why their companies are pricing drugs in North Dakota at twice the price they charge in Canada or three times the price they charge in Mexico,” Dorgan said.

The ads are fraudulent, Dorgan said. “They make claims that are simply untrue and then they ask people to write to Congress to oppose legislation that would help lower the cost of prescription drugs.” Dorgan is a chief sponsor of one of those proposals. His legislation would allow U.S. pharmacists and other prescription drug distributors to import medicines from Canada and other countries for sale in the United States, if those drugs are approved for sale in the U. S. and have been produced at a plant approved by the FDA.

The ads are being broadcast on radio and television in North Dakota and a number of other northern tier states, where some citizens go to Canada to buy their prescription drugs at prices that are a fraction of those charged in the U. S. Newspaper ads have also run. They have also been broadcast extensively in the Washington, D.C. area.

Dorgan said the drug industry is charging U.S. consumers the highest prices in the world for their prescription drugs.

"While the drug industry is racking up the highest profits of any industry, too many senior citizens and others are finding they have to choose between taking the medicine they need and buying food or paying their rent," Dorgan said. "It's time that we demand fair prices for prescription drugs for the U. S. consumer," he said.

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## -- FACT SHEET --

5/1/00

U.S. Senator Byron Dorgan (D-ND) released the following point by point response to TV and radio ads aired in North Dakota by a national group of pharmaceutical manufacturers calling itself "Citizens for Better Medicare."

The text of the ad follows:

*We've all heard of seniors going to Canada for their medicines. But have you heard about the seniors who come from Canada to the US? Because Canadians say their government controlled health system is in crisis. They wait longer for new cures. Seniors are too often switched to cheaper, less effective medicines. Yet some politicians want to import Canada's government controls to America. Help Congress. Say "No, thanks."*

Dorgan's refutation follows:

- CLAIM #1: "...But have you heard about the seniors who come from Canada to the U.S.? Because Canadians say their government controlled system is in crisis."

FACT: The journal *Health Affairs* says only a small number of Canadians come to the U.S. to seek health care. It describes the number of Canadians who do as "a tip without an iceberg." According to this report, most Canadians who obtain health care in the U.S. are "snow birds" who come to spend the winter months in the U.S. and get sick or injured here. The others mostly come here for speciality care or experimental treatment in clinical trials that are not available in Canada. They come here for different options, not because the lines for the same service in Canada are too long.

- CLAIM #2: "They wait longer for new cures."

FACT: If Canadians have delayed access to new drugs, it is not because they must depend on Canadian-only companies doing Canadian-based research. That's not the way today's transnational drug industry works.

-- In today's market, the pharmaceutical companies that make new medicines are multinational. The research and clinical studies to get regulatory approval can be conducted in several different countries where the drug companies have a presence, or they may find it cheaper to out-source the work to a "Contract Research Organization".

-- A lot of path-breaking medical research is done in the United States. U.S. taxpayers now fund over \$15 billion in medical research at NIH. In fact, this taxpayer-funded research is often the basis for the new patented and profit-making drugs later sold by private drug companies, who market these drugs in the US and in many other countries. This path-breaking research will not be lessened by the actions of Congress-- quite the opposite many in Congress are committed to doubling the NIH research budget over the next several years.

-- Drug companies also pay for research, but not all of this work is devoted to finding new cures. A 1997 industry source said that, based on industry standards, less than 30 percent of R&D expenditures is typically allocated to research that leads to the discovery of new medicines.

- CLAIM #3: “[Canadian] Seniors are too often switched to cheaper, less effective medicines.”

FACT: Inappropriate switching of medications is a problem hardly unique to Canada. It is a major concern in the United States among both public and privately-insured patients. Many doctors and patients in managed care plans in the U.S. have complained about this problem. That is why some in Congress have proposed a Patients’ Bill of Rights, to ensure that patients have access to the medicines their doctors prescribe.

- CLAIM #4: “Some politicians want to import Canada’s government controls to America.”

FACT: The bills targeted by these ads want to put market competition – not price controls – to work for the American consumer. Legislation that would allow the importation of prescription medicines (S.1191/ HR 1885) merely proposes that American consumers get the benefit of a global economy. Drugs imported to the U.S. at a lower price would be able to compete against the drugs priced higher in the U.S. by manufacturers. Under a Medicare prescription drug benefit, drug manufacturers would be required to negotiate competitive prices with a private entity, much as many health insurance plans now ask health care providers to do.

- CLAIM #5: “FDA experts oppose the bill.”

FACT: The FDA has taken no position on the bills. The Clinton Administration supports adding prescription drug coverage to Medicare.

- CLAIM #5: The ads say they are paid for by “Citizens for Better Medicare.”

FACT: The ads are paid for by a collection of some of the biggest pharmaceutical corporations in America. According to *SCRIP Magazine*, a drug industry trade journal, “Citizens for Better Medicare” was formed by the Pharmaceutical Research and Manufacturers of America (PhRMA), the largest drug industry association in the United States. Other major members include:

S National Association of Manufacturers

S Healthcare Leadership Council (a lobbying group representing large pharmaceutical, insurance companies, and other corporations.)

S Healthcare Marketing and Communications Council (drug advertising and product promotions group)

S a number of conservative – not mainstream – senior lobbying groups.